HEARING OF THE HOUSE INTERNATIONAL RELATIONS COMMITTEE;
SUBJECT: U.S. POLICY TOWARD NORTH KOREA, AND THE EXPECTATIONS FOR AN UPCOMING REVIEW BY FORMER DEFENSE SECRETARY WILLIAM PERRY;
CHAIRED BY: REPRESENTATIVE BENJAMIN GILMAN (R-NY);
WITNESSES: PAUL WOLFOWITZ, DEAN, PAUL H. NITZE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY; JAMES LILLEY, RESIDENT FELLOW, AMERICAN ENTERPRISE INSTITUTE 2172 RAYBURN HOUSE OFFICE BUILDING WASHINGTON, D.C. 10:05 A.M. WEDNESDAY, MARCH 24, 1999

REP. GILMAN: The committee will come to order. We welcome our distinguished panel of witnesses to the committee today to testify on our nation's policy towards North Korea and the pending Perry review. We're waiting on Mr. Wolfowitz who's on his way. He should be joining us momentarily.

The purpose of our hearing today is to examine the state of our relationship with North Korea to make recommendations for future policy. This hearing is particularly timely since North Korea policy is currently under review by former Secretary of Defense Dr. William Perry. In our recent meeting with Dr. Perry, we've been informed that he's working on his recommendations to the president and is expected to submit them next month. We wish him well in his deliberations and research.

Without question, North Korea constitutes one of our nation's greatest foreign policy challenges. North Korea is also the country most likely to involve our nation in a large-scale regional war over the near term. Nearly five years after signing the Geneva agreed framework, the Korean Peninsula is poised on the brink of a crisis. The prospects for reduced tensions, a permanent peace on the Peninsula, the development of a North-South dialogue and normalizing relations between our nation and the Democratic People's Republic of Korea -- all of these appear to be a distant likelihood. Regrettably the administration's policy is not addressing this reality and the comprehensive threat that North Korea poses to peace, to stability and to our national security.

In light of recent provocative events on the Korean Peninsula involving the DPRK -- most strikingly the ballistic missile launch over Japan -- and the revelation of a suspected underground nuclear weapons facility last August, it's evident that the administration has adopted a policy of accommodation to engage and ultimately to moderate Pyongyang's reckless behavior, and that seems to be failing.

Communist North Korea is the largest recipient of United States foreign aid in East Asia. We'll be spending over $225 million in North Korea this year alone. And by thus rewarding North Korea's bad behavior, the White House has been encouraging brinksmanship. Its current policy may be having exactly the opposite effect of what was intended and may be actually be leading us toward and not away from a confrontation with Pyongyang.

Let us examine some specifics, beginning with the agreed framework, the administration's central accomplishment -- the 1994 Geneva agreed framework -- is collapsing because of North Korea's recalcitrant and provocative activities. A large underground facility at Kumchang-ri may indicate that despite the agreed framework, North Korea has ongoing clandestine nuclear weapons program. This distressing evidence and news reports that North Korea may be pursuing a parallel program based on highly enriched uranium strongly suggests that North Korea never intended to curb its nuclear ambitions.

More distressing are today's reports that North Koreans removed key components of the 50-megawatt reactor at Yongbyon after the agreed framework was signed and before the IAEA conducted its first inspection.

The question now is whether the North Koreans plan to use this equipment to continue the nuclear program at Kumchang-ri or elsewhere. Moreover, many question why North Korea would ever surrender its nuclear weapons program on which it's been working for almost 30-some years, and which would greatly increase its bargaining position vis-a- vis the United States, South Korea and Japan, in exchange for some heavy fuel oil and two lightwater reactors.

With regard to missiles, the surprise launch last August of a three-stage medium-range ballistic missile over the territory of our Japanese allies and the American troops stationed there was provocative and was deeply troubling. To date there's been no progress curtailing North Korean missile development and proliferation. And according to our CIA, North Korea's one of the world's key suppliers of ballistic missiles equipment and technology. Our greatest fear is that this unpredictable regime in Pyongyang will combine its covert nuclear weapons program with an intercontinental ballistic missile able to strike our nation and our policy will have failed to prevent them.

As I mentioned, one purpose of this hearing is to enable the Congress to participate in the Perry review. Recently, along with several of our colleagues, including Majority Leader Armey, Mr. Cox, Mr. Hyde, and in concert with Speaker Hastert, I joined in a letter to Dr. Perry outlining some basic tenets of a new North Korea policy. Let me just review them briefly.

First, we must have the means to verify North Korea's compliance with the agreed framework or any other agreement we might enter into with Pyongyang. This was a major shortcoming of the '94 agreement that was brought into clear focus by the Food for Access deal reached in New York. It is going to cost our nation $180 million in food aid just to inspect the suspected nuclear facility at Kumchang-ri.

Second, we need to address the North Korean missile program. This is a clear and present danger to our national security and allows North Korea to create a balance of terror in Northeast Asia.

And third, any food aid that we provide to North Korea, including the pilot potato project, must be monitored to prevent reversion to the military and the party cadre. Unscheduled unsupervised visits by American Korean-speaking monitors would assist us in that regard. We also should have access to the 9.27 - - (inaudible) -- for hungry children.

And fourth, any recommendation should address the reality of North Korea's involvement in international narcotics ` and other criminal activity. This should be taken into account in any decision toward our normalization of relations with North Korea.

And fifth, full implementation of the 1991 joint declaration on the denuclearization of the Korean Peninsula would go a long way in supporting the aspirations of the agreed framework and a bilateral North-South agreement.

Finally, we should work with our friends and allies to develop a theater missile defense that would serve to insulate us and our friends from nuclear and missile blackmail by North Korea which is virtually certain to come at some future point. I've called for the creation of a Northeast Asia Defense Organization -- NADO -- permitting the U.S. to combine its efforts with friends and allies to develop a regional theater ballistic missile defense.

I'm concerned that our policies toward North Korea have been failing and that our administration has conditioned North Korea to believe that brinksmanship brings benefits. The current policy may lead the North Koreans to miscalculate our resolve, to overstep their

red lines, resulting in unnecessary confrontation and perhaps, regrettably, even conflict. It's time to rebuild our North Korean policy based on political strength, military deterrence and conditional reciprocity. It's no small task but it should be done without delay.

An outstanding group of panelists is here today to address these issues and others, and we look forward to their testimony. And I thank them for coming. But before turning to our witnesses, I asked our ranking minority member, Mr. Gejdenson, if he may have some opening remarks. Mr. Gejdenson.

REP. SAM GEJDENSON (D-CT): Yes, Mr. Chairman, I think we all share concern on what's happening in North Korea and how it affects all of our friends and allies in the region. I think we'd be better to spend less time criticizing the administration that has frankly achieved some significant gains in access to facilities in North Korea and access to this new underground facility that they were in the process of building. And that I think we can always learn from hearings. I hope that before we try any legislative remedies, we wait for the report by Dr. Perry. A number of us have already had discussions with Dr. Perry.

And I think that if the committee spent more time on the facts and looking for positive suggestions, and less time criticizing the administration -- which I think has actually done an excellent job in a very difficult place in the world. It's as isolated a government as there is in the world, it is a place that is a potential military threat, but is presently a humanitarian threat and a disaster, in that as many as 10 percent of the population may have perished in the last year from starvation.

So I think that less time criticizing the president, Mr. Chairman, would do you well, and more time looking at additional options, where I assure you he would love to hear from you any additional proposals.

REP. GILMAN: Thank you, Mr. Gejdenson. Mr. Pomeroy.

REP. POMEROY: I thank the chairman for convening of this hearing. It seems to me that the majority is inclined to want to recreate a Cold War environment with whatever new recreated Soviet Union it can find. And I think it absolutely obscures a clear-eyed look at the degree of the threat, the nature of the circumstance with which we're dealing: international relations between countries are very confusing in this post-Cold War era. And while it might lead us to wanting to recreate the sharp clarity that an "Us versus Them" Cold War standoff presented us, it does not behoove our great nation to try and hammer back into place that kind of framework for dealing with the many varying threats to our national security and commercial security at the same time.

The chairman's comments that we could face from North Korea a nuclear blackmail that is, quote, "virtually certain to come," unquote, I believe is clearly unfounded by the evidence at least to date. There is a threat, but it is not a virtually certain threat.

And I just think that kind of overstatement does not serve this committee or this Congress, in terms of developing appropriate relations with others.

Finally, I am terribly concerned about the dimensions of the starvation occurring in North Korea. One hears about an entire generation of North Koreans that will have literally stunted growth and impaired mental reach because of inadequate nutrition in their childhood years, let alone those that die of starvation and malnutrition earlier. I would hate to see this kind of Cold War rhetoric ultimately (clips ?) our willingness to look at the dimensions of the starvation of innocent children and make an appropriate response. Thank you, Mr. Chairman.

REP. GILMAN: Thank you, Mr. Pomeroy. Any other members seeking recognition? If not, I want to welcome once again our panel, led by Dr. Paul Wolfowitz, dean of Paul Nitze School of Advanced International Studies at the Johns Hopkins University. Dean Wolfowitz is a well-known figure in foreign policy and defense circles. He seems to be at just about every high-level blue-ribbon foreign policy panel here in the capital, including the very successful Rumsfeld Commission which briefed the House just last week before the debate on the missile defense bill.

I also want to welcome Ambassador Jim Lilley, resident fellow, American Enterprise Institute for Public Policy Research. Ambassador Lilley, it's good to see you once again before our committee. You were here with us just last year in September to discuss North Korea.

I should mention that Ambassador Lilley is one of this country's preeminent Korean specialists and is also a budding media star on the talk and radio show circuit recently on the subject of China. We're pleased you both could join us today. For the sake of time, you may summarize your statements or submit your full statement for the record. As well, I would ask members to withhold questions until all the witnesses have testified. Dean Wolfowitz, are you prepared to move ahead?

MR. WOLFOWITZ: I am.

REP. GILMAN: We welcome you and you may proceed.

MR. WOLFOWITZ: It's a pleasure to be here, Mr. Chairman. I will submit my statement for the record. I'd also like to --

REP. GILMAN: Without objection.

MR. WOLFOWITZ: -- submit for the record a paper prepared by a former colleague of mine and close associate, Richard Armitage, called "A Comprehensive Approach to North Korea," which he wrote as the product of a working group which a number of us participated in and while each of us may have some small points of difference, it does generally reflect my views as well.

Let me summarize my views --

REP. GILMAN: Are you submitting that?

MR. WOLFOWITZ: I would like to submit that for the record as well.

REP. GILMAN: Without objection.

MR. WOLFOWITZ: If you would permit me at the outset, I would just like to indulge in three historical reflections, because in preparing testimony for this hearing I realize that I've been involved with this issue at least since 1985. I don't remember beyond that. But that's a long time.

In 1985, President Reagan and President Gorbachev agreed at their first summit meeting to try to address the issue of regional issues that were causing major difficulties between the two countries, and began with discussions on East Asian issues. Since I was then assistant secretary of State for East Asia, I was sent to Moscow for some generally unpleasant discussions with my then Soviet counterpart. Interestingly, the one point on which the Soviets seemed to show any cooperative attitude at all was when I expressed concern about the North Korean nuclear program. And they did indicate more by winks and nods

than by any very strong statement that they would cooperate in trying to get North Korea to sign the Non-Proliferation Treaty.

We were very well aware at the time that signing the Non- Proliferation Treaty would be only the first step, and that while the Non-Proliferation Treaty might be an adequate safeguard for a country that is not really inclined to get nuclear weapons anyway, like Germany, in the case of North Korea you needed something much more stringent.

I was therefore a little unhappy to discover four years later when I came back to the United States after serving as ambassador to Indonesia, and began to address this issue once again at the Defense Department, that North Korea still had not signed the Non-Proliferation Treaty, that this first step had not even been taken yet, and yet they continue to be proceeding apace with the Yongbyon construction.

By the way, one of the points I think to keep in mind is that we have been raising this issue with North Korea for so long that they have had a great deal of time to prepare other options. And I think one of the problems we are seeing today, and we read about it now in the front page of the paper this morning, is they have anticipated the need to reconstruct facilities elsewhere, and they've had a very, very long time to get ready for signing the treaty and then violating it secretly.

In the Pentagon in 1990 and '91, when I was working with my colleague on the right, Jim Lilley, we together with our colleagues in the State Department and the National Security Council staff, developed an approach to North Korea to try to address not just the issue of the Non-Proliferation Treaty and the inspection regime, but the equally serious, more serious problem that North Korea was clearly proceeding with plutonium reprocessing, which is legal under the treaty, and in fact our Japanese allies reprocess plutonium. But there is one, and only one reason, why a country with a very limited nuclear infrastructure like North Korea would pursue plutonium reprocessing, and that is to build weapons.

It took a considerable effort by the U.S. government to bring the Japanese around to the idea that it was fundamental to get the North Koreans to renounce plutonium reprocessing. We also took some effort to bring our South Korean allies around to that position. We brought our own military around to the position that if we wanted to advocate a de-nuclearized Korean Peninsula then it was important to be in a position of being able to say that all of our facilities were open to inspection -- that meant removing our nuclear weapons from Korea, which we did in the fall of 1991. Not only did we get the Japanese on board, but we also sent a very strong message to North Korea when Secretary Cheney announced that he was suspending the withdrawal of any further American troops from Korea until the nuclear issue was resolved. And remember this was 1991, and against the background of everything that was going on in Korea -- we had just achieved a spectacular military victory in the Persian Gulf, which certainly the North Koreans had noticed, and we were in the process of enforcing, with the use of American air power, the most stringent inspections regime imaginable on the Iraqi nuclear program.

And somehow the confluence of these various factors -- and different people would weigh them differently -- but somehow they produced an astonishing agreement by the North Koreans in December of 1991 to agree to a de-nuclearization of the peninsula, to no plutonium production and to a challenge inspection regime.

At the time one had to keep a somewhat open mind as to whether perhaps this was indeed a sincere reaction to the fear that perhaps the United States really would take serious action against that program, or a reaction to their need to get normal relations with Japan and all the economic assistance that would go with it.

But in fact, as history has revealed, it was I think simply a cynical attempt by North Korea to get this issue off their backs for this temporary period of time when they could then go back to defying the commitments that they had made, which they proceeded to do rather promptly.

If I can jump forward to 1994 when the framework agreement was signed, it seemed to me totally implausible to think that a regime like North Korea, for whom military force is the first, second, third, fourth and top 10 of important things, a regime that cares about very little except its military capabilities, would voluntarily give up the ultimate weapon in exchange for a promise of nuclear power reactors sometime in the next century. And it seemed to me that the only reasonable assumption was, like Pakistan, which had promised to give up nuclear weapons and cheated, like Iraq, which signed the Non- Proliferation Treaty and cheated, like Iran, which today is a party to the nuclear proliferation treaty and is almost certainly cheating, that North Korea simply intended to take its program underground, and that is in the literal as well as the figurative sense, since some very large fraction of the North Korean military, including parts of its air force, are literally buried in the sides of mountains. Many of these tunnels, by the way, are dug with the help of spectacular new technology that is imported from Japan and Sweden and elsewhere.

I learned in my activity on the Rumsfeld Commission that the whole technology of digging tunnels has taken a leap forward in the last 10 years and the North Koreans have fully benefitted from that technology. But they knew how to dig holes before they had Western tunneling equipment and they dig them everywhere.

I was told by one of the senior negotiators that he didn't think that was the only reasonable assumption, and he thought he was a reasonable man. And I said, "Well, what is your assumption?" And he said, "Well, I'm assuming the North Koreans wouldn't cheat because the dangers of being caught would be too high." And I had two comment to that. I said, number one, the chances of being caught are not that high; our ability to know what goes on in North Korea is extremely poor. It's astonishing. And I -- again I give my hats off to the intelligence community. We have broken a number of North Korean secrets that are works of great intelligence genius. But that doesn't mean we cracked the country. That doesn't mean there aren't a large number of other secrets there. And, as I said in my prepared statement, I think we have to be prepared for more surprises from North Korea, and the record suggests they're all going to be unpleasant surprises. Maybe one day we'll get a pleasant surprise -- that would be nice to have. But so far one has to say that what we don't know about North Korea is very large and usually worse than what we do know.

Moreover, as I said to my friend at the time, I said not only are the chances of catching the North Koreans relatively small, but I don't think they think the dangers of being caught are all that great. The last time we caught them we sent you over there to negotiate a $4 billion reactor deal. The next time we catch them, what price are we going to pay them to get them back on the reservation? I don't think the record suggests to the North Koreans that they'd pay a price for cheating or being caught at cheating. And I think that record continues.

Having said all of that, let me summarize my testimony by observing at the outset that this is an extremely difficult problem. The fact that the North Koreans have been beavering away at this ambition of theirs for nearly two decades -- maybe longer, if one looks into the laboratories -- suggests they are not going to be easily persuaded. The fact is I don't believe there are solutions to this problem -- there certainly aren't any easy solutions. I think the best policy we can come up with is one that is going to leave us concerned and dissatisfied in some ways.

I was saying, having said that, I think the worst thing we can do is proceed on the basis of illusions. And I do believe that the agreed framework -- perhaps unintentionally, but certainly cultivated some very harmful illusions about the situation, of which I think the most harmful one was the notion that we had frozen North Korea's nuclear program. I think it's now clear that we only froze that part of North Korea's nuclear program which we could observe; namely, the part at Yongbyon. And it is clear that they have had 15 years of knowing that we were on to Yongbyon and to be able to prepare other activities.

And when I was on the Rumsfeld Commission, I was concerned about what the North Koreans might be doing, and got some briefings from one part of our intelligence apparatus that suggested to me that this program continues -- continued and continues at the same level of intensity and same level of activity that it has in the past. And then of course later we were briefed on the then extremely sensitive facility which is now the subject of international attention. I think it's very clear that we didn't buy the North Korean nuclear program -- we didn't even rent it. We just rented a piece of it -- the piece that we could see.

The second observation is that unless you have a regime of extremely intrusive challenge inspections there is no way to have any confidence in North Korean promises to give up nuclear weapons. And by a regime of extremely intrusive inspection I mean the kind of regime that we had in Iraq until a couple of years ago. It is difficult. It is true to imagine the North Koreans ever accepting such a regime, even if they wanted to give up nuclear weapons, because for them to have that kind of inspection regime causes even more problems than for any other country, because of their political repression.

But the fact that it's extremely difficult to get it I don't believe should lead us to create deceptions in our own mind about the fact that we don't really need to have it, or make statements as were made frequently in 1994 and 1995 that the issue of challenge inspections is only a question of determining how much the North Koreans produced in the past at Yongbyon. That is not the only issue, as we are now realizing. The real issue is how much are they producing elsewhere covertly and possibly underground.

The third illusion that I would like to demolish is the idea that there is some neat and safe military operation that in some antiseptic way could eliminate the North Korean nuclear problem, or at least postpone it for 10 years, as the Israelis did with their raid on the Iraqi reactor in 1981. There are two problems with that notion. First of all, we wouldn't know what to attack. The Israelis knew where the Iraqi program was -- it was in one place, it was out in the open, and they destroyed it. The whole problem here that we are talking about stems from the fact that we are reasonably certain, although obviously you can't be certain about what you don't know -- reasonably certain that there's a lot there that we don't know about and couldn't get at. But even more fundamentally, as I hope everyone understands, a war on the Korean Peninsula would be absolutely devastating. We need to remember, and we need to keep to keep reminding the North Koreans that it would be most devastating of all for North Korea, and that it would spell the end of their regime. We should not leave them with the illusion that they can constantly frighten us by raising the specter of war, but the specter of war is enormously frightening, and I think one should not trifle with it.

The fourth point I would like to make, and one that I do believe is said often enough or sufficiently well understood, is that what really makes the North Korean nuclear capability so dangerous is the fact of their conventional military capability. Maybe that sounds paradoxical, but what I am referring to is the fact that people say, Well, even the North Koreans, who sometimes seem to be crazy, although I'm not sure they're so crazy -- it works for their strange set of values -- but even if they're crazy, they can't be crazy enough to think they could use nuclear weapons and get away with it. Surely they would understand that if they used even one nuclear weapon we would absolutely destroy their

country with a much bigger nuclear arsenal. That is not, I believe, the most important issue, however.

What I am afraid of is that if they have a nuclear capability they believe they can rely on, I think they may become -- underline "may," because we don't know these things -- but they may become dangerously adventurous in the use and in the threat of use of their conventional capability. One of the things that clearly inhibits them now is the recognition that there would be allied solidarity with South Korea if they attack South Korea. I am not sure they would be so convinced that the United States would come to South Korea's aid if the United States were threatened with a nuclear retaliation. I'm even less certain that they believe Japan would allow us to come to South Korea's aid if Japan were threatened with nuclear weapons. I am not saying that this makes war inevitable -- nothing is inevitable, and nothing is known with certainty in Korea -- but certainly it changes their calculations. That we can be sure of. And I think for a regime that is teetering on the brink of disaster, and it may at some point calculate that the best way out of this disaster is at least to manufacture a huge military crisis, and perhaps even to start a war. I don't believe we should make their calculations about the outcome of that war any more comforting from their perspective.

And that brings me to my fifth observation, and that is that I think we have to recognize, because of what we don't know and because of what we need to assume the North Koreans are doing, we have to recognize that that aspect of the problem, namely their nuclear threat, is growing with time.

Back in 1994 there was some optimism that this wouldn't really be a problem, because in a few years this decaying regime would simply disappear, or perhaps once we opened up diplomatic contacts they would suddenly become mellow, like the Chinese did when we opened to China -- were they to be at least as mellow as the Chinese, that would be a huge improvement.

Well, neither thing has happened, and I think what the lessons we have seen, or one of the lessons we have been reminded of, because we already could have learned it from Josef Stalin or from Mao Zedong, is that just because some of its people are starving doesn't mean that a totalitarian regime is in political trouble. In fact, we know that Stalin used starvation as a weapon against the people he most wanted to get rid of. I haven't heard any reports of North Korean officers starving or even suffering seriously. And that is where the source of this regime's support comes from.

With those observations, let me just suggest the following principles that I think ought to guide development of policy. The first is that we need to understand the nuclear problem is part of the overall military problem. It is not a separable piece. And, to the extent that we're not able to solve the nuclear problem, it becomes extremely important to improve the conventional one.

There are two ways to do that. The most desirable way would be through a cooperative arrangement with North Korea that would produce equal and lower levels of forces on both sides. That's the formula that we introduced in Europe several decades ago. It was the formula after 20 years of negotiating with the old Soviet Union -- 15, excuse me. We finally got them to accept in 1989.

I don't know how long it would take to get North Korea to accept a similar principle, but it seems to me it would fundamentally transform the situation in the peninsula and change their ability to deal with their economic problems if they would consider a fundamental change in the military balance. But absent our ability to persuade them, we need to take efforts on our own with our Korean allies to strengthen our conventional deterrent in order to maintain its effectiveness.

Secondly, I have great concern about making payments to the North Koreans, that they can only interpret it as blackmail payments for their bad behavior. I think what is true in the criminal world is true in the international world. Payment of blackmail just leads to more blackmail. And I am more concerned about where this leads than about the specific action in itself, because one of the most dangerous things we could do would be to encourage the North Koreans to think that the really big payoff will come from creating some really big danger, and then we might be out of control.

Fourth -- third, excuse me, I think we need to recognize the importance of challenge inspections, not simply a carefully arranged visit to a site that by now has presumably been cleared out of anything that might once have been in it.

Fourth -- and this, I think, is very important -- I would favor strongly -- and that is the central point of this comprehensive approach to North Korea that Ambassador Armitage writes about -- presenting the North Koreans with two very clear and rather stark alternatives.

The positive alternative, one which clearly would be in our interest, I believe, and their interest, would involve a fundamental change in North Korean policy toward both fundamental economic reform and fundamental reduction of military spending in return for which I think we should be prepared with our allies in Asia, and indeed elsewhere in the world, not only to provide North Korea with significant economic assistance to make that turn possible, but also with significant security assurances to make a reduction of military forces something they can safely undertake.

I'm skeptical about whether the North Koreans would accept such an offer, but I think we really should make it. I don't believe we've been terribly clear about making it. And I think it would greatly strengthen our position to do so. But I think North Korea should be disabused of the notion that we will continue to reward them in small ways for threatening behavior.

Fifth, whatever we do, we shouldn't try to cut off North Korea diplomatically or cut off communications with North Korea. I do believe that one of the accomplishments of the 1994 framework agreement was to open up better channels of communication with that regime.

And sixth, and finally, we have to remember the importance of maintaining solidarity with our Northeast Asian allies. That is perhaps the most important single thing we could get wrong if we handle this badly.

Let me conclude by just presenting two ideas that are a bit outside the box, as they say in the Defense Department. They're certainly not politically realistic today, but I don't think they'll ever become politically realistic unless people think about them. And while I understand they're not politically realistic, I think they are definitely desirable, so I would like to mention them.

The first is that it really doesn't make any sense for us to be providing North Korea with nuclear-generated electric power. If they need electric power, it would be cheaper, it would be quicker and it would be safer to provide it conventionally. And I would happily consider a trade where we gave them a lot more electric power a lot sooner, provided by conventional means, than this deal where, if it ever is finally consummated, we will have constructed big plutonium factories in North Korea. That would involve such a revision to the current diplomatic framework that I realize it is not realistic. But if the opening ever came for it, I do believe it could be turned into a win-win change.

And secondly, on this question of humanitarian assistance, there is a fundamental dilemma in knowing whether the assistance that's provided actually does anything for the people we're trying to help or whether it simply goes to enlarge the storage facilities, the granaries of the North Korean military and the North Korean regime. And that is a dilemma I don't really know how to resolve, and I guess I resolve it with a humanitarian bias.

But there is no dilemma whatsoever in feeding people who manage to escape from North Korea, and yet there is no organized program for doing this. In fact, we read some pretty shocking stories of refugees being returned from China across the Yalu River to incarceration or, very likely, execution. It seems to me, again, this is difficult, and our South Korean allies will have probably some concerns about it and they need to be addressed, first and foremost.

But I think we should be trying to develop a policy concerning, first, asylum for North Korean refugees. We had a spectacularly successful first asylum policy for Vietnamese boat people 20 years ago. It probably saved the lives of a million or 2 million people. It's one of the great humanitarian achievements of this beknighted century. It seems to me it would be worth trying to develop a similar policy in cooperation not only with our allies in the region but with China and Russia as well. I realize we're a long way from doing it. But unless someone introduces the idea, it will never happen.

Thank you, Mr. Chairman. I appreciate --

REP. GILMAN: Thank you, Dean Wolfowitz, for your extensive statement. And now we welcome Ambassador Lilley to present his testimony. You may summarize your statement, submit your full statement for the record, whichever you deem appropriate. And we'll try to move right along. I'm sure we have a number of questions that our colleagues would like to have you respond to. Ambassador Lilley, you may proceed.

MR. LILLEY: Mr. Chairman, thank you very much. I subscribe to everything my colleague, Paul Wolfowitz, just said. And I will try not to repeat his very good points, because a lot of these are in my testimony.

But I think it's very important that we look at history, because we're not trying to recreate a devil for us to get more money to fight this devil. We are dealing realistically with the past. And I've raised this book with you, Mr. Chairman, which is the first really comprehensive study of North Korean strategy of negotiations since 1953.

I think that understanding their techniques would have been very beneficial for the people who went into the negotiation in 1993-'94, because I think we were taken into this thing by tactics that they used with Admiral Joy (sp) in 1953. And the use of the threat of force, the use of moving troops around, bellicose statements, is standard all the way through.

And the lessons here are quite clear that when you are consistent, when you are firm, when they get the message in unmistakable terms, nine times out of 10, they back off. I'm talking about the ax murders of 1976. I'm talking about the Pueblo in 1968. I'm talking about a number of instances where we deal specifically with how you get what you want out of the North Koreans.

And I think one of the big changes between '91 and '92 and '93- '94 is that in '91-'92, you got access to Yongbyon facilities. You got six test inspections. You got an inventory of their nuclear facilities without paying a dime. This all changed in '93-'94 when we developed this idea that you can buy them off. And that's critical, I think, in understanding how to deal with the North Koreans in the future, because you have to deal with their mentality.

It's critical right now that we take the initiative. And I think the Perry approach is a first step, coupled with the one that Rich Armitage has taken, a new framework for dealing with the North Koreans with the clear understanding that the past one has failed, that what we have done has brought us to the point of a greater war threat than we've had before.

When I say that we are not trying to recreate a new enemy, I think it's very important that we look just briefly at the North Korean track record. Don't forget what these people have done. As late as December 1998, one of their ships was caught off Japan, sunk. It had RPG rocket launchers on it, pistols, money, to carry out sabotage operations against Japan and South Korea.

This has been a consistent pattern right from the beginning. It goes hand in hand with what they do. When I was in Korea in November 1987, they blew up KLA 858. We caught the saboteur. One hundred fifteen South Koreans died as a result of their tactics. In 1983 they blew up a number of the Korean cabinet members in Rangoon. They were caught again. And even the Burmese executed that criminal act, the person that carried it out.

Again and again, we see this pattern. We see the pattern of developing this military option and keeping what they consider essential for their survival, which is a nuclear weapons capability and the means to deliver it. They cannot give this up. It would be committing suicide. If you think you've taken care of it and if you sell people on the fact that you have, you are misleading yourselves, because, again and again, we find them now turning to uranium enrichment, which is much harder to discover. We see possibility that they may be making acquisitions from Pakistan and Russia, which would then give them a completed weapon.

I think it's very important not to say the fault lies with us in the current imbroglio that's happening. We are clearly reacting to what North Korea does. And it's very important that we turn this around and that we're able to take the initiative. And the Perry commission tries to do precisely this.

We have got agreement, as I understand, from the South Koreans, from President Kim Dae Jung, to participate with us on this new approach to the North, which includes a very strong element of credible deterrence to deal with the very realistic military threat, plus the fact, to use the opening that we have to their greatest vulnerability, namely their economics.

And it is crucial, it seems to me, at this point, as we move gradually into a new policy, that you must take your agricultural aid to North Korea and you must tie this into agricultural reform. They do not understand. And it's quite clear in their negotiating record that they can get something for nothing. It makes us feel good about humanitarian aid.

They don't get it. They look at you as probably the biggest sucker of all time that would give them money as they threaten you with military action. And they take that food. We don't have careful monitoring. And probably a good portion of it goes into their elite groups. You haven't changed the military threat by what you've done with food. I do not argue that children should not be fed. I'm saying that there are ways to do it, and we haven't quite figured out how to do it yet.

I think it's also important, as has been suggested here, that we not get into sort of an internal wrangle in the United States about what to do. This is a bipartisan policy, and this was developed earlier. It's now beginning to fray because people are saying that we spend too much time reconstructing the past when the past is the key to the future. We must understand what's happening in order to develop new policies.

I would suggest, finally, that there is a division of labor emerging here which is very important, I think, for the future of our relationships with North Korea. First of all, it

is our primary interest to curb the proliferation of weapons of mass destruction. This is our primary goal and to prevent war in the peninsula.

Deterrence is in the hands of the United States and our friends in the Republic of Korea. This is very important to establish very clearly with the North that there is a no-force option, that what they have done for the past four years to use the military option to get concessions, that day is over. We deal primarily now with proliferation. This is the United States' responsibility. It should be up front, as well as credible deterrence to any sort of adventurist military action.

Number two, President Kim Dae Jung, who I've had the pleasure to know well -- when I came to Korea in 1986, he was under house arrest; when I left in 1988, he'd run for president -- he has been a force for positive thinking on North Korea. He has moved ahead in ways that could change North Korea profoundly, because he understands the problem.

I had the privilege of delivering his three-point proposal for reunification to the North Koreans -- I'm sure they already had it -- in 1995, when I visited there. He knows what he's doing. He is bringing the North Koreans into a new manufacturing financial system that could deal with their difficulties in their economy and the agriculture. He has been able to introduce this into North Korea way beyond our nuclear sites at Sinpo, way beyond Rajensonbon (ph). But in a real sense opening up the Korean mentality to what can be done if they cooperate with the South.

He has begun to set up, as originally was done in China in the 70s, a counterforce to the militaristic views of the leadership. If you develop a counterforce that wants to deal primarily with the economic difficulties of North Korea and believes that they can't get something for nothing, then you begin to change the mentality. And it's here where the focus should be and the people that should take the lead on this are in South Korea.

Because I think the United States has demonstrated that our approach to the economy has really led to the North Koreans expecting large sums of money for basically a minimal response. I think it's very important that the South Koreans take the lead on this. They were able in the period '91-92, as Paul has pointed out, to achieve a series of recordbreaking agreements with the North. We've gone down this path since 1972 many times. But we did achieve signed agreements by the prime ministers on both sides -- reconciliation, denuclearization, common power grid, common inspections, reunification of families. It was comprehensive agreements between both sides.

This is the basis in the long term for more peace on the Korean Peninsula. And I think we should let those forces loose. Thank you very much.

REP. GILMAN: Thank you, Ambassador Lilley. And I would like to note that we're joined by Congressman Joseph Knollenberg of Michigan, he's a member of the Foreign Operations subcommittee, and we welcome him as a guest today. Joe, I welcome your interest in the North Korean problems.

To both panelists, the obvious question now before us, is if you were Secretary Perry what would you recommend to the president about our North Korean policy and who should implement such a new policy? Do you think it requires a special envoy? I would welcome your thoughts.

And let me also add if Secretary Perry recommends a policy similar to the current one, where in your assessment would that lead us to?

MR. WOLFOWITZ: If by the current one, one simply means putting some band-aids and patches on the agreed framework, then I think it leads nowhere, or perhaps it leads to a much more serious crisis down the road. I think postponing this problem with no real

progress and with no real preparation for a crisis that may be coming I think is a formula for potentially really, really big trouble.

What I think should be done is along the lines of the paper I mentioned at the beginning of my testimony by Ambassador Armitage, which is to develop a new framework -- I'm not sure I'd like to use the word "framework" at all -- a new comprehensive approach that makes it clear that we are open and supportive of major change, but that absent major change, we're not going to be bought off by some phony pretense and that we will in fact take measures that will counter whatever the North Koreans hope to gain by their very dangerous behavior.

On the question of should it call for a special envoy, I would say first of all it calls for a much greater prominence for the role of our South Korean and Japanese allies. We should stop treating this as though it's the United States all by itself. I think not only is it a bad way to treat our allies, I think it's a very bad way to deal with the North Koreans. I think, as Ambassador Lilley said, that getting them to understand that the road to progress lies through Seoul and through their colleagues in the South is a fundamental principle that will do a lot of good.

Having said that, who should have the lead on the American side? I guess I think I would leave that to the Executive Branch to decide. But I think if it is going to be a special envoy, I think there's an awful lot to be said for having someone of Secretary Perry's stature -- somebody who really is Cabinet rank themselves, in effect.

REP. GILMAN: Ambassador Lilley.

MR. LILLEY: Yeah, I would -- briefly, Mr. Chairman, I'd stress five points. The first point you have to deal realistically with and is the most dangerous aspect is the military confrontation. You've got to make it very clear to the North Koreans that this is no longer a bargaining point, and that if they ever attack, they will be obliterated. I mean, this is clear -- clear the air of this. There is no military option.

I think when you get that through that, the second point you have to do is to tie your aid into reform. You've got to make that linkage if you're going to change the society.

Number three, you've got to make North-South talks key to the future. They've refused to deal with the South Korean government, they have refused that ever since they signed the agreed framework when they said they would do it. You've got to have these talks start and start now. The Four Power Talks in Geneva are no substitute for this, because the North Koreans ignore and insult the South Koreans in those talks.

I think fourth, we should lift our sanctions and we should work towards diplomatic relations with the North. We should keep contact up there. It's important. I was in the first mission that went to China in 1973. Although we were boxed in and didn't do much, our presence then led to real breakthroughs that took place later.

And finally, I think there's a real role for non-governmental organizations that can work to have people-to-people contact with North Korea. I think this is important because they're beginning to open up somewhat. They're sending their people overseas for training. I think this is a process that has worked in the past and should be encouraged. I think those are my five points, sir.

REP. GILMAN: Let me ask both panelists: should we be in a position to accept a nuclear North Korea?

MR. LILLEY: We have a nuclear North Korea.

REP. GILMAN; Should we accept it as a fact or should we continue to prod away and --

MR. LILLEY: Oh, I think we have to go after it. We have to keep the pressure on them, there's no question about it. They have, as you know, certain waste sites which they refuse to give us access to which would give a key indication of how much plutonium they've squirreled away for nuclear weapons.

I know that Director Woolsey in his time at CIA estimated I think one to two weapons that they have. I think we have to assume that. They've got them hidden, we can't find them. But we have to go after them, and continue to probe, inspect, get the International Atomic Energy Agency involved in looking at what they do -- make it increasingly difficulty for them to cheat. I think that's part of the process. But I think with the expectation you're not going to be able to solve it.

REP. GILMAN: Dean Wolfowitz.

MR. WOLFOWITZ: I agree with everything Ambassador Lilley said, and I would add that the principle that was accepted by both Koreas back in 1991 was that Korea -- not just North Korea -- would remain non-nuclear. And I think as one looks ahead to hopefully a happier future when the Korean Peninsula is unified, I think it would be very undesirable to see that unified Korea another nuclear power, because it will have a very unhappy effect I believe on Japan.

REP. GILMAN: One last question. We're concerned about the administration's lack of commitment to monitoring the massive food aid provided by our nation to North Korea. Last year, Doctors Without Borders reported that humanitarian aid is routinely diverted to the Communist Party, and we've been told by the administration that despite congressional calls for Korean-speaking monitors, the number of Korean speakers has dropped from three to on as food aid deliveries climb from 100,000 tons to 600,000 tons expected this year.

And we're told that any Korean speaker with experience in North Korea is not welcome to return. And we're told that we cannot get permission to conduct any surprise inspections, and that we must have government handlers accompanying monitor teams. We're told we cannot get access to North Korea's 9.27 (prisons ?) for hungry children.

We were informed last night that the Clinton administration surrendered our requirement that the food aid bags have the American flag on them. Bags in recent deliveries simply say "Wheat." Should Congress rethink our support for North Korean food aid program based on these problems?

MR. LILLEY: Well, as I said, Mr. Chairman, I think the whole idea of unconditional food aid is not wise. I think you've got to insist on the kind of inspections that even the Hoover Commission in the Soviet Union in the 1920s got from Stalin -- that we were able to monitor them all the way through, that we clearly said at that time that if you interfere with monitoring the distribution of food aid, there won't be any food aid. It's linked. And the Russians got the message, clearly.

I'm not saying that North Koreans will necessarily do this, but it seems to me that what I understand in our most recent negotiations when we went to the North Koreans in New York, we said to them the 500,000 tons of food aid that you're going to get this year are unconditional. It is not linked to anything. You're going to get it regardless of what you do. I don't think that's very good bargaining tactics.

REP. GILMAN: Dean Wolfowitz.

MR. WOLFOWITZ: It really does seem to me that providing it unconditionally in this understandable hope that when people are starving to death, somehow if you put food in the country, it will somehow help them, I think is well-meaning but unrealistic. I think there has to be some --

REP. GILMAN: Control.

MR. WOLFOWITZ: -- some degree of control. Obviously, given the monsters that we're dealing with, you have to probably also expect some degree of food going to people who really don't need our help. I would be willing to pay the price of some of that if I felt there was any assurance that we were actually doing some good.

But in fact, I heard from a government official that one relief group went to a village in North Korea where people were obviously suffering and ribs showing everywhere, and they brought food. And this woman who was clearly on the verge of starvation herself said "No, no, we can't take the food because our military need it. They have important tasks to do for the country."

There's an interesting article in I think it's the current issue of Time magazine by a Seoul-based journalist named Donald Kirk (ph) who apparently visited the Chinese side of the North Korean border. He describes children telling some pretty gruesome stories about witnessing executions which the kids seem to have found amusing. And he says "The North Korean children on the Chinese side of the Tyumen River however have never seen any of the food the U.S., China, South Korea and others ship to North Korea."

I don't think that's an acceptable arrangement.

REP. GILMAN: Thank you. Mr. Gejdenson.

REP. GEJDENSON: Thank you, Mr. Chairman. On the one statement that we got nothing for the food aid, I think it was actually the Congress that demanded that the administration not exchange the food for access or other conditions. And so we gave them the food and we ended up with access to Kumchang-ri, but nobody expressed a connection. So I'm not sure that at the end of the day we got what we needed or what we wanted at that point -- not as much as we would all like -- but I'm not sure that it was simply the administration kind of walking in with its hands up as somewhat portrayed.

And I guess where I find myself -- anybody who's looked at the Korean Peninsula as long as you two, has to understand that this is a very bizarre operation. You know, that coming forward with what I hear today, which is "Here's the deal. Stop your nuclear program, allow universal inspections of your country, adopt capitalism, or else you'll get nothing," is a lovely rhetorical statement. But at the end you all say we have to keep this new engagement that we had because frankly it's more contact, at least for Americans in North Korea than at any time since there were Americans fighting there.

And so what we've gained in the last several months is not, you know, an immediate victory, surrender, and an adoption of our system, but we've certainly gotten more access to Korea than we've ever had before. We are in a very difficult game with a government that defies rational behavior. I think that one of you even seem to agree with that, that this simply isn't a country that will respond as normal countries might in this kind of situation. And I think the administration frankly is working with the Japanese and the Koreans to try to engage them more. And the Koreans clearly are and I think that as we get to talk to Dr. Perry, we'll see a lot of these things are happening.

It seems to me from looking at the Korean Peninsula if we were to say all these things, they would just let their people starve and we would have less access and less contact. Am I wrong in that assessment? You think we could walk in there if we had just better negotiators and said "Here's the deal, stop your nuclear program, and other military activities, you

know, adopt economic capitalism, or else we're stopping the food aid," that they would change?

MR. WOLFOWITZ: I don't know what you're quoting from. You're certainly not quoting from me. I would just say the following points. First of all, I don't think we should be paying for a visit to a nuclear site that is going to be cleared out before we get there. And when I spoke about conditions and I think Ambassador Lilley meant the same thing. If we're going to give humanitarian assistance, let's at least have some degree of assurance that some fraction of that is actually going to feed people or is producing the kind of changes in North Korean agriculture that we'll see that they're fed some other way.

That's the kind of conditionality that I would like to see on food aid. I don't see any point in just giving it so that that regime can do whatever it wants with it, because we know what it wants.

Secondly, I said very clearly -- I believe it. I think developing contacts with North Korea is a desirable thing to do. I don't see why we should pay for it. If one says the only way we're going to have contact with them is by subsidizing the regime, then I think that's a ridiculous position. I think it would be equally ridiculous to say let's isolate them, let's not visit them.

I said I thought one of the accomplishments of 1994 was we broke through some of the taboos of contact. And furthermore, as Ambassador Lilley emphasized, I think President Kim Dae Jung is breaking through even more of those taboos. But that doesn't mean one gives things away. One doesn't regard contact as something that we should be paying them for.

And finally, on the question of what is it that we tell them, I believe -- and this is a point of the comprehensive approach -- that if we are going to pay for a change, it should be for very fundamental change. That means, let me be clear, much more fundamental payment. If the North Koreans really are prepared to change their economy -- and don't trivialize it by saying adopting capitalism -- we're not talking about adopting capitalism. We are basically talking about adopting something like the economic reforms the Chinese undertook. And we're not talking about doing it because it's our way of life or we believe in it. We are talking about doing it because frankly no amount of foreign aid is going to rescue an economy --

REP. GEJDENSON: Can I just -- I don't disagree with your desires. I have those same desires. But there is nothing in the history of dealing with this government, either under his father or under the present leader, that would give you an indication that that kind of big change in how they deal with us is going to happen, and in any other way than kind of the incremental process. I think one of you addressed that the South Koreans are talking about doing some factories in the North and some other things are happening.

So I guess the tenure of my discussion is that basically we are on a road that opened a door, and I agree with all your desires, but I think that to kind of put them as that's the way we are going to step forward by a big opening, it's just not going to happen there for a while.

MR. WOLFOWITZ: It probably isn't going to happen. I think we'd be in a much stronger position, both with people in North Korea and there must be some who want change, and certainly with our allies in Northeast Asia, if we made it clear that we do see a way for this regime to get out of the box that it has created. But in the meantime I think we have to be very clear that it is an extremely dangerous animal that has to remain caged. And one of the things that I worry about incremental nonsolutions is that they leave people with the impression that this is not such a dangerous situation, we really don't need to do anything in a serious way for example in strengthening our conventional capabilities in Korea.

REP. GEJDENSON: I indulge the chairman for just one more question. But I think it's critical to where we are in the world today. When we confronted the Soviet Union from the end of World War II till its demise, we were patient. And there were some people that probably would have wanted to go in there and do it quicker and more forcefully, and there was lots of pain as a result of being patient for lots of people. It's hard to tell what the casualty rate would have been if we tried something more drastic. And I know you're not recommending that. I think that in places like North Korea that this is a long-term commitment that there are no solutions that it will work rapidly, that we have to continue to press them, but that there are no quick solutions that aren't costly in human lives and much more dangerous, and that that incremental process is probably the safest course for us. Press as hard as you can, try to relieve as much of this human suffering as you can, try to contain them to get our friends and allies to join more pressure on them. And I think that's what the administration is doing.

REP. GILMAN: Thank you, Mr. Gejdenson. Mr. --

MR. WOLFOWITZ: Can I just comment? I mean, a critical aspect of dealing with the Soviet Union -- no one by the way is suggesting that we should invade North Korea anymore than any responsible person would have suggested we should have invaded Eastern Germany. But I think it was irresponsible for some people during the earlier period to suggest we should just ignore a massive military buildup by the Soviet Union, and I think it's a mistake to suggest that deterrence will be fine, no matter what we do and no matter what the North Koreans do. We need to recognize the North Koreans for reasons we may not fully understand, but we shouldn't ignore, are engaged in a very serious military development, and we need to strengthen our own side of that, unless we can find a real diplomatic solution.

REP. GILMAN: Thank you. Mr. Bereuter.

REP. BEREUTER: Thank you, Mr. Chairman. Ambassador, thank you very much for our testimony, both of you. The Asia Pacific Subcommittee, which I chair, has devoted a lot of attention to North Korea. I am glad to have the chairman give it more attention at full committee. It is the spot on the globe that I think we are most likely to face the possibility of catastrophic military and civilian casualties.

I am in agreement with the comments that you made in your written testimony and in your oral testimony. Ambassador Wolfowitz, I do think the point you make in, number one in your observations that the agreed framework did not freeze North Korea's program, and also that it's not plausible that they have given up acquiring a nuclear capacity is exactly on point. I have never agreed that the agreed framework is likely to stop their nuclear development program. I think it's futile. There are some advantages out of it, but I think overall it's futile.

I have great concern about what -- who we deliver the 600,000 metric tons of food aid through P.L. 480 Title 3 and through the World Food Program, although it certainly would help America's farmers at a time when they're having great difficulty, as great as they have had since '84, '85. I am concerned about that and willing to forgo it if it's not the right approach.

I have a few questions, and I hope that perhaps you can answer them as briefly as possible, saving most of the time for the last one.

One, do you think there's a role for the Congress in trying to make it clear that we will respond to North Korean aggression by obliterating the country, which I think is what one of you suggested? Do you think Congress should try to make that clear? Secondly, with respect to the sunshine policy, and Ambassador Lilley, I think you referred to President Kim Dae Jung as a force of positive thinking -- do you think that billion dollars for example

that Hyundai is putting in is positive or negative under the sunshine policy? Clearly it's permitted and encouraged. Are you worried about the fact that the long-term policy of trying not to let the North Koreans split us in negotiations from our South Korean allies has now gone by the wayside in its direct DPRK negotiations?

Third, do you believe we can dramatically increase the defense capabilities of Seoul, and are we doing that without giving the details of course about any effort we're making so that the losses to the Seoul population are not so dramatic in the case of a conventional or nuclear or chemical attack?

Fourth, Ambassador Wolfowitz in particular, do you believe now we have negotiated through extortion I'd say effort on the part of the North Koreans access to the suspected nuclear site, since it's now cleared out that we ought to forget about it and continue to have a new range of things that we're demanding to see in North Korea, and simply forgo seeing it since it's now probably -- no advantage to us to see the site?

And finally, fifth, and the one that I'd really like you to focus on to the extent you can, what do you think the major elements will be in a new comprehensive approach -- I guess those are the terms you've used -- coming out of the Armitage and expected Perry recommendations? Can you give us a little more detail about what that is likely to look like?

MR. LILLEY: I'll just answer briefly and then leave the rest to Ambassador Wolfowitz.

Number two, your second question on Kim Dae Jung's sunshine policy and the role of Hyundai and Chairman Chung in opening up North Korea, I think that's positive, because I think Chairman Chung knows what he is doing. He's already met Kim Jong Il and talked with him, and was treated with great deference -- not that that's an earth- shaking development. But this is a tough old man who is going to make a deal. He is got a romantic streak with him because he comes from Diamond Mountain. But on the other hand, he is going to drive a hard bargain. When he opens up that industrial site, which is his real entre into North Korea, I think it's going to be a major change in the North Korean economy. It's going to hit them right in their most vulnerable point, and it's going to begin the change in their system that started in China in 1973. So I am for it.

But I think Kim Dae Jong has real problems in selling this to the South Korean population. I think there's a lot of resentment about this giveaway project. He's under very strong attack from his right on this. And he's got to manage his own internal persuasion I think somewhat more effectively.

Is there a role for Congress in obliterating North Korea? I use the word, and I take responsibility -- in fact, I used it on them, as I say in my testimony. My own sense is the administration should do this, and I think Secretary Perry, and even President Clinton tried to do this in '93-'94, when Perry said that they would be rapidly and decisively defeated if they ever attacked. But I think this has to be made very clear to them in the new Perry approach, as an integral part of the new approach to North Korea. And Congress should be given a briefing on this, the implications of it, and express your views. But I think it's an administration decision to use this. But you should be briefed on it. And, again, it has the War Powers possibility. I really leave that to the lawyers. I'm not fairly strong on that.

Whether we should do more with Seoul to develop the defensive capabilities of a potential North attack, I think the South is doing a fairly good job on this. I'd leave that pretty much up to them. It's their problem. They've got to deal with it. We haven't got that strong a role. We take care of our troops in Korea, whether we're putting in new more sophisticated anti-missile defense up there around Osan (sp), Kunsan. Our disposition remains to be seen. But I think they take care of their own population.

Access to Kumchang-ri -- I think we are stuck with that one. I think we forked over the grain, the North Koreans have taken it, pocketed it, made the linkage, because they've got to do this to get us into Kumchang-ri, as Chuck Kartman said the other day. Old Kim Gye Gwan has to go back to the Korean people's army and say, "By, God, a half a million ton of grain for you to have the Americans look and see at this empty site -- I really took 'em, boys. Let them in, you won't lose a thing. You've moved all the stuff out." "Okay, do it." It's kind of a shell and pea game with them. They're going to be moving it all over Korea. We're going to be chasing it up and down. We're never going to solve this one.

So, yes, we should go see the site, realizing it isn't going to do anything for us. Paul, why don't you --

MR. WOLFOWITZ: Okay, I -- I think one of the most important things that can and should be done is demonstrating to North Korea that continuing down the road they're on is going to lead to an overall worsening military balance. To the extent that we can't do what we might like to do about curbing the nuclear side of that equation, I think it's -- (inaudible) -- to do everything we can to strengthen the conventional side.

I do believe that one aspect of this, by the way, is theater ballistic missile defense. North Koreans are pouring huge amounts of money into a capability to threaten not only South Korea, but Japan and the United States. And I think we should be making it very clear that we have the capability to counter that and to make that whole investment worthless. I wish we were further along in our ability to do that, but I think it should be regarded as something of high priority.

In fact, I understand the reason for wanting to make certain improvements in conventional capabilities quietly so that you don't provoke a crisis at the time you're doing it. But it seems to me it's very important for the purposes of deterrence to be able to advertise at some point that your capabilities are stronger.

And I might disagree with Ambassador Lilley just slightly on the question of whether we should just leave this up to the South Koreans. I mean, the South Koreans, particularly now and the economic pressure they're under, I suspect are not doing as much as probably should be done. There are certainly things that they find very, very difficult to deal with politically because of the myths that they have to tell themselves about how Seoul will be perfectly safe, even though its within North Korean artillery range.

I think there's more that we ought to do together, and I believe that if the North Koreans see that that's happening it will tend to get their attention and it will I think more likely lead in the right direction.

I think I don't see much way to say one shouldn't visit the site, but I just would dearly hope that we wouldn't go along with the idea that we've accomplished much by visiting it, or that this is the only site that we think is of concern. And I believe, as we said in the Rumsfeld Commission, the absence of evidence that there are other sites is not evidence of absence. And that is a point that has gotten through all the way to the director of central intelligence. It's something that the American public doesn't understand. And I hope if we are going to go through this visit that some effort is made to tell people just how meaningless a visit is. But that isn't the way governments work. They're going to say this is a great diplomatic achievement and helps to put the genie back in the bottle. It doesn't do that.

I think what a comprehensive approach consists of in my view, most of all, is, number one, better preparations and clearer preparations for all concerned to deal with the

possibility that this crisis will explode sometime in the future, and at the same time, much clearer and higher-profile diplomatic effort to say what we would be prepared to do in the event of a major change. And we haven't done that, surprisingly. We've sort of accepted the band-aid approach.

REP. GILMAN: Thank you, Mr. Bereuter. Mr. Hastings.

REP. ALCEE HASTINGS (D-FL): Thank you very much, Mr. Chairman.

Ambassador Lilley and Dr. Wolfowitz, I apologize for not being here earlier. And at the risk of asking a question regarding your remarks, I plunge into it anyway. In reading your draft paper, Ambassador Lilley, you cite two or several fallacies. And the second of those fallacies that you cite is that humanitarian aid must be unconditional and responsive only to need.

That being a fallacy, and recognizing that you had time constraints and space constraints, please expand on that, because it is a vital concern of a lot of us, not only in an enemy's territory, but worldwide, when people starve. Some of us just feel that we ought to try to do something about it. And I guess what I would really like to know is how best we might achieve that, if at all, in the case of North Korea.

MR. LILLEY: Well, my position earlier was that the North Koreans, first of all, don't get it. They don't look at this humanitarian aid that we give them as a decent country supporting a starving country. They think that we are foolishly buying their favor by giving them this food without demanding anything back. And I think that sets in train a very bad set of motives on their part; namely, there's more where that comes from. "We've got to figure out ways of provoking more food out of them. We've got to starve our people more. We've got to carry out another provocation, because we'll get paid for it."

They don't see it the way we do. They really don't. And it seems to me that this is such a huge leverage that we have over them, not to use it to get reform -- it's the old aid idea is if you want to see the person, you don't give them the fish; you teach them how to catch the fish. And you've got to get the North Koreans thinking about reforestation, damming, irrigation, fertilizer plants, the key issue of agricultural production. They aren't doing anything on this as long as we feed them without any conditions. You've somehow got to get these people to come out of their cave.

As I mentioned in there, the Chinese in 1958 to '60 went through this lunatic great leap forward. Thirty (million) to 40 million people died. They did close planting. They did incredibly stupid things in collectivizing agriculture. Twenty years later, they developed agricultural programs, decollectivization. They put their emphasis on investment in agriculture. And within six years they had the largest harvest in history in 1984. It's a very clear example of what you can do when you can motivate a country. And this time we don't have 20 years to wait.

REP. HASTINGS: I follow you.

MR. LILLEY: We've got to get them going.

REP. HASTINGS: So you see it as leverage, in the final analysis, that we're not properly using.

MR. LILLEY: Exactly, sir.

REP. HASTINGS: All right.

MR. LILLEY: And I think also this applies to KEDO. KEDO, as my colleague, Ambassador Wolfowitz has said, has opened up contact with them. But KEDO gives us leverage over them.

REP. HASTINGS: All right.

MR. LILLEY: They want it much worse than we do.

REP. HASTINGS: Do you agree that we can't back out of KEDO now that we've started, and if we did, the implications would be severe?

MR. LILLEY: We're in a poker game. We've got to say to them, "Look, we aren't hooked on KEDO. If you people don't play the game, bye bye KEDO." And I think they'll come running.

REP. HASTINGS: Let me ask Dr. Wolfowitz right quickly. You, in your paper that I read through, did not mention China at all. And I'm sure that you have views with reference thereto. I see China as important in the diplomatic efforts that we've put forward, as well as other arenas. Give me just, if you can, a thumbnail sketch of your view of China's role in diplomacy and in other areas that you see of vital concern, as it pertains to the North Korea. And thank you, Mr. Chairman.

MR. WOLFOWITZ: I guess I'd just say very briefly, I think China's role is very important. I don't think it's been terribly helpful. In fact, I think in some respects it's been even more unhelpful than I would have expected. But it does seem to me they have some interests in common with us. And certainly it seems to me, if it were possible to persuade North Korea of a real change, that would be in China's interest as well.

And China would have an extremely important role to play if the North Koreans were ever to seriously entertain the idea of reducing the military confrontation in the peninsula, because they probably would be looking for some degree of security assurance. And while I'm sure they don't trust the Chinese either, they would trust the Chinese more than someone else. So I think they would become an important part of the package.

The other point I would like to stress, I just wish there were a little more attention being given in general to what happens to refugees from North Korea. Most of them go to China. Some of them actually do make it out and make it all the way to Hong Kong and get to South Korea. But it seems to me we ought to be trying to find some way in common to address the truly humanitarian problem of these people who try to flee, and if they do succeed, need to be taken care of. And where I'm afraid the Chinese government still has a policy of returning a great many of them, that's horrendous.

REP. HASTINGS: Thank you very much, Mr. Chairman.

REP. BEREUTER: Thank you. It's the committee's policy to recognize members before visiting colleagues from other committees. But since Mr. Knollenberg was here since before opening statements, I would ask unanimous consent that he may be allowed to address briefly a question or two before he has to go. Is there objection? Hearing none, the gentleman will be entitled to at least three minutes.

REP. JOE KNOLLENBERG (R-MI): Mr. Chairman, thank you very much. And it is my pleasure to be here. I wanted to thank the chairman for his courtesy in allowing me to take those three minutes. I'll be very brief.

Incidentally, Dr. Wolfowitz, I've never heard anybody suggest -- and it makes a lot of sense now, five years later -- that we should have used something like conventional methods to produce electric power instead of light-water reactors. That might have got us out of some of the box that we're in.

The question I want to raise has to do with the agreement that was just agreed to regarding the distribution of food, and we have some reports in the news now that the food connection was -- there is no food connection. The food was granted without any kind of consideration. It just happened simultaneous with the -- you can believe that if you will.

My question really comes down to this. It looks to me like we have traded 600,000 tons of food ultimately for the access to those underground facilities. The question remains, though, that the Einhorn missile talks don't take place until the 29th of March.

So my question really is -- and I want to refer to a letter or a statement, rather, that was made in yesterday's Wall Street Journal -- apparently a State Department spokesman denied that food aid is being given to the Democratic People's Republic of Korea in return for permission to inspect a facility suspected of being built to develop nuclear weapons. The North Korean counterpart, however, said -- and I'm quoting; he was there as well -- "There was sufficient debate on an agreement on the payment of the inspection fee" -- inspection fee, so-called. The U.S., though belatedly, he said, decided to adopt political-economic measures as demanded by North Korea.

So do you foresee a danger in beginning the food delivery before negotiation of the key details at the Einhorn missile talks? I'll refer to both gentlemen. Incidentally, I've appreciated your testimony and I concur with a great, great deal of it.

MR. WOLFOWITZ: By the way, I might also mention that if we had inserted the idea of conventional power five years ago instead of nuclear power, we would not have the serious difficulty we have in complaining to the Russians about their selling a peaceful nuclear reactor to Iran when we are giving four away to North Korea. I mean, I don't know why we never pursued that approach if we were going to say that electric power is the problem.

I guess it seems to me the whole idea that the key details of how we inspect this facility, which we know we aren't going to get to see unless it's cleaned out, I wouldn't dwell on too much. I think it's also, though, just not a good thing to be pretending something that nobody in the world believes; namely that there's no connection between the food aid and our access to that site. We shouldn't have gotten ourselves in that position where we would be paying them, and then at the same time pretending that we're not paying them.

I think, as Ambassador Lilley said, that if they want the nuclear framework to continue, then it may not have been explicit in the framework that a suspect site like this isn't allowed. But it certainly should be made a condition of continuing. And I think food aid should be treated as a humanitarian issue and the conditions connected to it should really apply to whether the food is getting to people who need it, not the terms of inspection.

REP. KNOLLENBERG: Ambassador Lilley?

MR. LILLEY: Yeah. Again, we're sort of hoisted on our own pitard here, because we've taken this rather sanctimonious position about food aid being unconditional and humanitarian to deal with the starving children of North Korea, with all the pictures that come in. It's wrenching. And how can you not feed those children? And we have people going on the television with these ghastly pictures. It makes you look like some kind of a Scrooge if you go against it. You're put in sort of an indefensible position.

But if you're going to deal with the North Koreans, you've got to understand their mentality. And they are deliberately starving their people in order to get this. They really don't care. And you have a real dilemma because of their indifference to their own people. And to come into this with our sort of western logical approach to it, which goes to our most basic principles, and they look at you as a fool, as a clown, as a person they've just taken, and when you stand up there and make the argument that we got access to Kumchang-ri

because they gave it to us, because we were so persuasive, and they know perfectly well that those four negotiating sessions were very heavily loaded with the linkage between access and food.

We haven't seen the negotiating record, but I've heard statements that the North Koreans originally came in with 800,000, 900,000, a million tons, and we bargained, bargained, bargained, bargained, got it down. So, you know, a diplomat, I suppose, is somebody who doesn't tell the truth for his country. (Laughter.) That's a standard description. I suppose -- it's a hard one. We have taken the position, as I said earlier, that we walked into these negotiating sessions with them and said, "You're going to get 500,000 tons, regardless." It's not linked to Kumchang-ri.

REP. BEREUTER: Thank you.

REP. KNOLLENBERG: Thank you, Mr. Chairman.

REP. BEREUTER: That's why I think it's futile to go in there today anyway. Why link it? We just won't go. We'll just give them the food if we need to.

The gentleman from North Carolina, Mr. Burr, is recognized for five minutes.

REP. RICHARD BURR (R-NC): Ambassador, should we be concerned in any way that the current economic problems might lead to a political collapse?

MR. LILLEY: In North or South?

REP. BURR: North.

MR. LILLEY: Okay.

REP. BURR: Both. (Laughter.)

MR. LILLEY: I wasn't trying to be facetious on that. But all the indications we have right now is that North Koreans have iron control. It is a country, as I described it, something out of George Orwell's 1984. Freedom is slavery. Peace is war. Love is hate. Touchez. Self-reliance, means that "We are totally self-reliant. Now give us 500,000 tons of food if you don't want to see a million kids die."

They have iron control. They control all access. It is total indoctrination. It is probably the most totalitarian regime that's ever existed. I was there in '95 and saw examples of this.

REP. BURR: So clearly if there was a strategy that by winning the favor of the North Korean people, they could bring change to government, that's not going to happen.

MR. LILLEY: It's not going to happen. The only real hope I think you have is that they recognize that they are an economic basket case and they recognize that something terrible has gone wrong to their economy. They can't blame it on natural disasters. They see the Stalinist model failing all over the world.

And we can reach, it seems, over time, elements in that society at the middle-level bureaucracy, in the finance ministry, economic ministry, treasury, agriculture, where you start to deal with them. And even already, according to some of the World Bank reports, there's been indications of great frustration with the militant policy of the army and the party. And I think this is certainly what happened in China when we reached through to China, which was also an authoritarian/totalitarian regime in the '70s.

But as you reached for more productive elements, they came to develop a much greater voice in overall policy. It took a long time. A lot of them got purged in the process. But in North Korea you're beginning to see openings, and it's here where you want to connect. You won't get the masses to rise up. So this is a long-term policy. But I think it's the real vulnerability. They've got to move fairly quickly on it. It's the reason they've opened up to Hyundai and Daewoo. So you can get the Koreans themselves in there with their message. And I think this is a change.

REP. BURR: Doctor, is there evidence that North Korea has brought in plutonium from other countries, especially Russia?

MR. WOLFOWITZ: I'm not aware of it. But, to repeat what I said earlier, the absence of evidence is not evidence of absence. It's, I think, very unlikely we would know if they had. Let me also say it's very unlikely we would know if North Korea was on the verge of political collapse. I mean, I don't know of anyone who seriously predicted the collapse of the Romanian dictatorship six months before it happened, or even a month before it happened. And Ambassador Lilley can correct me, but I don't know of anyone who predicted a kind of smaller political revolution in China when Deng Xiaoping came back to power. But I think that -- you said should we be concerned.

I think on the whole some kind of political collapse would ultimately lead to progress. It might produce a very dangerous situation for a certain period of time and it's one of the reasons why I believe we should keep our powder very dry and keep conventional deterrence very strong. But I think absent some kind of rather dramatic political change, things will just keep getting worse.

REP. BURR: Do we have any idea what the North Korean- China relationship is right now?

MR. LILLEY: Between China and North Korea?

REP. BURR: Yes sir.

MR. LILLEY; Yes, we do. I think we've got somewhat of a fix on it. We don't know the full flavor of it. We've had people go up there, for instance, and look at the Chinese food distribution in North Korea, which is considerable.

REP. BURR: Is China involved in their missile development?

MR. LILLEY: We only have circumstantial evidence on that. We've looked at the Nodong Taepodong (ph) missiles and they fit the statistics we have on some of the Chinese missiles. But that's very circumstantial. We don't have the defector, we don't have good inside information on that. We just have the circumstantial evidence. And there is some evidence the Chinese may have helped them in a satellite -- that just came through.

But the Chinese help them, as you know, massively in their conventional forces -- their submarines, tanks, et cetera, are largely Chinese. The Russians, too, of course, with missiles and aircraft, et cetera. And they probably still get spare parts from China. We have some indications that that happens.

But the real Chinese leverage lies in the food, oil, coke and coal area, where they give these to the North Koreans on very favorable terms, and they can ratchet it up or down in terms of getting some kind of quid pro quo from the North Koreans. It's a very subtle process. But having been familiar with Chinese bargaining techniques, I can't believe they are indulging the sort of giveaway we are.

REP. BARR (?): Well, I see that my time has expired. But I find it somewhat amazing that the North Koreans can have the access apparently to excavating equipment -- high-tech tunneling equipment with an economy that doesn't seem to be able to even generate enough

money for food. And one has to wonder. There must be some relationships -- if not China then with whom -- that are a little closer than maybe what we see on paper and work on a little different relationship other than trust. There's certainly a lot of credit being extended. If not, the economy of North Korea is doing much better than maybe what we have evidence of. And I appreciate it. Mr. Chairman, I yield back.

REP. GILMAN: Thank you, Mr. Burr. It may have something to do with drug money. The gentleman from California Mr. Sherman is recognized.

REP. BRAD SHERMAN (D-CA): Thank you. Echoing Mr. Burr's comments, I hope that we get more information as to which countries are supporting North Korea, and that we hold those countries more accountable. China enjoys its economic renaissance because we're willing to run a $60 billion trade deficit. And I can't imagine that the American people would want to run that deficit if the Chinese government were helping construct -- not just missiles aimed at American cities, but missiles in the hands of lunatics aimed at American cities. And I realize it will be a while before Korea has missiles capable of hitting the United States.

Mr. Milosevic has killed about one to two thousand of his own citizens. And so probably tomorrow we're going to start bombing him until he agrees to stop. Do you have any estimate as to how many North Koreans have been killed by their government, either through execution on the one hand or by diversion of food and virtually intentional starvation -- as resources that could be used for food are instead used for a nuclear program? Doctor.

MR. WOLFOWITZ: Well, I guess first of all, on the question of starvation, we see estimates on the order of 10 percent of the North Korean population. I don't know how anyone arrives at any reliable estimate, but that would be a number well over two million people. I don't know what verification there is of it, but these are shocking numbers.

On the question of people executed, the only kinds of estimates I've seen that give a sort of plausible way of guessing at this are -- estimates on these two are to a considerable extent guesswork and the number of political prisoners. And that's in the hundreds of thousands. And given the way they treat people and given this story in Time magazine about kids casually talking about, and kind of jocularly talking about seeing people executed, one suspects the numbers are quite high.

REP. SHERMAN: Well, it would be interesting to see whether CNN cameras were allowed to photograph those who were being executed by that government, whether our focus would be as intense on Korea as it is now on Kosovo.

Doctor, the North Korean economy is in a terrible position. The question is not why didn't it keep up with the expanding economy and technology of the United States, but why is it worse today than 10 years ago? Ten years ago it was a totalitarian government. Certainly I know they've had a little bit of bad weather, but you've cautioned not to focus on that as the real cause of their problems. Why can't they not at least accomplish what they could accomplish 10 years ago?

MR. WOLFOWITZ: That's a very good question. I'm not sure I can give you a very good answer. I think part of the answer is, as with the old Soviet Union, one saw a steadily declining return to the kind of huge capital-intensive investment that they would make in these big projects. And there was just only so far you could get by forced seating.

I think in the case of North Korea, it's probably difficult to exaggerate the quantity of resources that are diverted to its military. And that is --

REP. SHERMAN: And you think that's larger now than it was 10 years ago.

MR. WOLFOWITZ: I'm not sure, but I think it's been dragging the economy down steadily. And I think they've also lost some degree of external assistance that they were getting in the past from the Soviet Union and possibly also from China. And one can't discount the

possibility -- and Ambassador Lilley alluded to it earlier -- that some of this deprivation is manipulated in order to manipulate us -- that it's convenient to starve people if it produces a change in Western policy. I don't think we have a very good explanation of it in totality.

REP. SHERMAN: One thing we saw in the Soviet union is that for a while,they were driven genuinely by dedication to ideology, for a while terror worked. And then in the final days, there was more obvious corruption as no one really believed in the ideology or at least no one was driven by passion for the ideology. Has there been a decline in the ideological commitments of either the people or the elites? I realize that's hard to measure, but --

MR. WOLFOWITZ: I think the only measure of it that we would have would be some of the reports that we get from defectors and particularly this very high-level defector. One of the things that struck as very significant in the old Soviet Union -- I asked some Russian friends, at what point did people stop being afraid of voicing political opinions at least in the privacy of their homes and to their relatives? And these people could date it very precisely to the late 1970s, early 1980s.

That's a very profound change. It's very hard to organize discontent when people can't even talk to their closest relatives. And I was told a story actually by Chung Ju-Yung, the head of Shindai (ph), who described his first visit to North Korea, where one of the people he met with who clearly must have trusted him, took him aside at night and put a blanket over his head and said "Get out of here, you're nothing but trouble for us."

It is a very terrorized country. So I think they're a long way from being at the point of change the Soviet Union was even 20 years ago.

REP. SHERMAN: Thank you, Mr. Chairman.

MR. LILLEY: I'd just add two things to what Ambassador Wolfowitz has said. First of all, I think that in the agricultural field, that they have not done what they should have done. They've stripped the hills of trees, they have not built dams, they have not invested into fertilizer, and the whole thing went downhill as they lost Russian and Chinese aid.

The second point is that we have got some indication from refugees recently, as opposed to before, where they came out let's say four years ago and were blaming it all on the United States, now they come out -- I think it's up to 70, 80 percent are saying it's the government's fault. Refugees coming into China. The reason conditions are so bad -- which is an interesting change. It's not hard numbers, but we're beginning to hear more and more, people are beginning to blame the government.

REP. SHERMAN: Thank you, gentlemen, Mr. Chairman.

REP. GILMAN: The gentleman from New Jersey Mr. Smith is recognized for five minutes.

REP. CHRIS SMITH (R-NJ): Thank you very much, Mr. Chairman. I want to thank our very distinguished witnesses for their insights and for shattering the myth that somehow we're buying access to a site. You've given a new application to "Potemkin Village," I think. And rather than the spinmeisters saying somehow we're advancing the ball on mitigating or ameliorating as you said, Ambassador Lilley, the problem, we are probably just postponing and maybe even encouraging further duplicity on the part of North Korea.

Let me just ask a couple of questions. Talking about access to sites and looking at another kind of site, as I know you are aware, the 927 children, of which there may be tens of -- or hundreds of thousands as a result of the decree by Kim Il-Jung on September 27th,

1995, we now have a situation where human rights has so deteriorated. And we know that suppression of rights in North Korea are legion.

But here we have a situation where kids who are hungry and looking for food are incarcerated. And those who make their way into China and then are repatriated find themselves arrested and beaten. Recently or last August, Mark Kirk (ph) led a delegation of staff to North Korea and actually interviewed some of the kids who had been beaten and mistreated. And obviously the reading is very, very sobering and heartbreaking.

We have a situation where we now in the United States, feed one out of every three people in North Korea. We are the major donor to the world food program. Eighty-three percent of the WSP is coming from the United States, and virtually all of the kids under the age of eight are getting assistance from the United States.

What has been done and what do you think should be done, in terms of the international community and the United States to demand access to these prisons where kids are being held, and again, are beaten, starved, some die -- literally taken off the streets -- these 927 children. What should be done? It seems like there has been so little said about these suffering kids. And the government just wants to lock them up. Ambassador Lilley.

MR. LILLEY: I think this is tied in with the whole problem we have of putting ex post facto conditions on unconditional food aid. You gave them the aid without conditions before. Now you're going to start piling conditions on, and they're going to fight back, tooth and nail, to block every condition you've put as violations of their sacred sovereignty, as this isn't your business. And they'll take in somebody from CNN and show 'em some starving children. You then will look like monsters trying to block it.

They're playing a game with you. They're going to play rough, they're going to try to keep it in their hands. But I would certainly say, as I've said many times this morning, that you've got to begin to put some tough conditions on what you do for them, because if you do it without conditions, they'll think you're a bloody idiot, as they do now. They just don't think you have any sense.

REP. SMITH: Is there a reason why the international community -- the NGOS that labor under obviously difficult situations -- why they haven't demanded access to these prisons?

MR. LILLEY: I think they've tried. But it hasn't really -- as far as I know -- it hasn't been a concerted effort. And when we lead the charge saying it's unconditional -- I mean, and we're putting in -- and the Chinese are putting in -- matching us, these huge donations of grains -- over a million tons coming from China and the U.S. And a little food group goes in there and says "We want conditions." What's the North Korean answer?

MR. WOLFOWITZ: I think it's a little worse than that. We say it's unconditional, but in fact it is conditioned on something that has nothing to do with whether the kids are getting the food aid, and so we're unwilling I think to be honest about the problems with the food aid. I mean, I don't understand -- you say international community in a vague way. Why isn't the United States government more concerned about what's happening to our food? As you say, we're the major donor.

And some of these stories are really shocking, and the one I mentioned about a starving woman saying we can't take the food because the military has important tasks to do for the country -- I heard it from a government official in private. Maybe I'm not reading their testimony closely enough, but it doesn't strike me that we're saying that kind of thing in public. And I can only conclude we're not saying it in public because we don't want our

hands tied to be able to give this stuff away unconditionally in return for a visit to a suspect site.

I think if we were more explicit that it is humanitarian assistance, that we will give it for humanitarian purposes, but only on condition there's some assurance that at least some reasonable fraction of it is going to people who need it, I don't think we'll get anywhere.

REP. SMITH: Let me just ask one very brief question to both of you. How would you evaluate the recent press reports that China is assisting North Korean satellite and missile programs? And how does that square with the administration's claim that China is actually being helpful in U.S. policy towards North Korea?

REP. GILMAN: Gentlemen, if you could respond fairly briefly so that --
MR. LILLEY: Yeah, I'd just say the Chinese don't want the North Koreans to make another missile shot. This gives TMD a shot in the arm, and it's something they don't want. So I think they're weighing in, saying don't fire another missile.

On the other issue of the satellite -- again, I've seen the reports you've seen. And it seems to me that it might make sense that they did it. But I don't have any information that hasn't appeared in the press.

REP. SMITH: Thank you very much.

REP. GILMAN: Thank you. The gentleman from California Mr. Rohrabacher is recognized, and after his questions, we'll adjourn.

REP. DANA ROHRABACHER (R-CA): Thank you very much, and I appreciate the quality of the testimony today. I'm sorry I was in my office -- (laughs) -- working on some other things that are vitally important as well, at the beginning of the hearing. So I apologize if the questions I ask were covered by your opening statements, which I will take back to my office and read.
First of all, I take it that you would both prefer to have a different government in power in North Korea. Is that correct?

MR. LILLEY: Yes.

REP. ROHRABACHER: All right.

MR. WOLFOWITZ: How could one not? (Laughs.)

REP. ROHRABACHER: Now, if we accept that as something that decent and democratic people would want is a different government than the one they have in North Korea, isn't it in the hard times and the bad times like this that you can make changes in a totalitarian government like we have in North Korea? And if that's the case, why are we trying and why does our policy seem to be based on stability rather than based on this is the time we should work our hardest to eliminate that totalitarian and hostile government?

MR. WOLFOWITZ: Well, I said, in response to Congressman Burr, that I don't think we should be afraid of political collapse in North Korea. I do think it could create a situation of some temporary danger. We shouldn't be cavalier about it. But I think it would be better to see change. I don't have any question about that.

And I am a little shocked at times when people applaud the idea of stability. After Kim Il Sung died, there were many officials quoted, usually anonymously on background, that we were somehow relieved that his son would take over and there would be continuity in policy. I couldn't understand that. It seemed to me the last thing one wanted was continuity in that policy.

REP. ROHRABACHER: Exactly.

MR. WOLFOWITZ: So I agree with you.

MR. LILLEY: I suppose the only rationale you could give for what we're doing is that we have no choice; that, obnoxious as the government is, they run things. And they are dangerous and they threaten and they're starving, and wars have started there; 55,000 dead Americans because of 1950 miscalculations on their part; that we've got to deal with these creatures.

And what I think we're arguing about is not whether we have to deal with them or not but how we deal with them and that it should be very clear that what we are seeking in our programs with North Korea is to change that regime. Originally, when the agreed framework was reached in '94, it was said privately, again, by many administration people, "We're doing this sweetheart deal with them because they're going to be gone in a couple of years. It's going to go." They were wrong.

REP. ROHRABACHER: Well, we actually haven't been pressuring for them to go. Isn't there some -- it seems rather disjointed that we have a policy that, you know, we don't like this type of dictatorship. It's obviously a threat to the peace and stability of the region in and of itself, by the fact that it's a totalitarian, militaristic regime. And yet they are the biggest recipients of foreign aid in Asia. Isn't that a bit disjointed? When you have a regime like that and they're in trouble, it's the time to pull back from supporting the regime rather than stepping forward.

MR. LILLEY: Again, I say that we try to deal with it in two parts. One is we're trying to neutralize their military threat. And that's a key ingredient, I would hope, in Secretary Perry's plan, that we've got a very thoughtful way of dealing with the North Korean military threat and proliferation. That must be the key element of his plan.

The second part of it is how to bring about economic change in North Korea. And I think the conclusion would be the way not to do this is to throw food and oil at them unconditionally; that if you're going to bring about change in North Korea, you've got to make these moves conditional upon what they do to change their society, which we then hope has the seeds of his eventual demise.

REP. ROHRABACHER: I certainly think that's a very good strategy. I would go one step beyond it and I would just say that people who love freedom and democracy and believe that there's a relationship between peace and freedom in this world, which is what Ronald Reagan believed in, would think that our strategy should be to reach out to the people of North Korea and to tell them that we are on their side but we are against their government and that we should be doing everything we can to replace -- to bring down the government of North Korea and replace it with a government that is democratic and would then create a more peaceful situation in that regime.

Thank you very much, Mr. Chairman.

REP. BEREUTER: Mr. Rohrabacher, thank you very much for your basic, fundamental, very important questions; a good way to end our hearing.

Ambassador Lilley, Ambassador Wolfowitz, I want to thank you for your written statements, your oral statements, and your responses to our questions. The committee has been well served by your testimony. And indeed, I'm glad for our country that you two distinguished gentlemen have focused on North Korea and other critical parts of Asia in helping us frame a proper foreign policy towards that part of the world.

Thank you very much.

MR. LILLEY: Thank you for the opportunity.

MR. WOLFOWITZ: Thank you.

REP. BEREUTER: The committee stands adjourned.

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